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DE RUEHVI #0690/01 1601455

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FM AMEMBASSY VIENNA

TO RUEHC/SECSTATE WASHDC 2704

INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE

RUEHKB/AMEMBASSY BAKU 0354

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C O N F I D E N T I A L SECTION 01 OF 02 VIENNA 000690

SIPDIS

E.O. 12958: DECL: 06/09/2024

TAGS: PREL AU

SUBJECT: AUSTRIA PLANS DANUBE/BLACK SEA INITIATIVE

REF: VIENNA 558

Classified By: Econ/Pol Counselor Dean Yap. Reason: 1.4(b) and (d).

¶1. (C) Summary. Austrian FonMin Spindelegger has made a Danube-Black Sea (to include the Caucasus) initiative a centerpiece of his foreign policy agenda, but has said little in public about the initiative's content. Conversations with numerous MFA officials and Austrian academics suggest that Spindelegger's primary goal is to support Austrian commercial penetration into the region, with perhaps a secondary political agenda in the lower Danube. Most leading MFA officials report that Austria has neither the means nor intention to launch a broad-based initiative involving substantial new commitments of diplomatic, development, or security resources, as was the case in Austria's Balkan engagement policy of the 1990s. However, some others believe that, as the Minister (in office only six months) studies the issues and gains confidence, he will press for more engagement. Even a limited Austrian initiative would complement USG goals in the region, and encouraging a more robust approach, particularly if Austria takes a leading role in encouraging EU-wide engagement, may be worthwhile. End Summary.

¶2. (U) In a series of speeches over the last four months, Austrian FonMin Michael Spindelegger has spoken of plans to launch a Danube-Black Sea (including the Caucasus-Caspian region) initiative, which if carried through would be something of a re-direction of Austrian foreign policy away from the western Balkans. In mid-May, he described the Black Sea as "a region of 350 million inhabitants which, after China and India, is the most strongly growing market of the future.... I am certain that, when we take the necessary steps, that (this region) can be a growth market for us for tomorrow and the day after tomorrow..." Spindelegger has announced that Austria and Romania will, at the upcoming European Summit, propose that the Commission be asked to prepare a "Danube Strategy." Austria plans to open a new Embassy in Baku before the end of 2009 (reftel), despite budget cuts that have forced the closure of several other posts.

¶3. (C) What the "necessary steps" might entail was left unclear in Spindelegger's speech. In a conversation with Econ/Pol Counselor, MFA Economic Director Rudolf Lennkh described the initiative as focused on wringing more efficiency out of EU assistance to the region through improved coordination (the goal of the EU "Danube Strategy") and providing greater national political support for Austrian commercial penetration of the region. To begin the latter, the MFA plans a July 2009 conference of Austrian government officials (including regional Ambassadors) and business representatives to explore specific ways in which the GoA can better support Austrian business in the region. The MFA hopes the EC will complete its "Danube Strategy" in time to be launched during Hungary's 2011 EU Presidency. Pressed on whether the new initiative would also entail greater Austrian

development assistance, cultural diplomacy, security assistance, or political engagement in the region (along the lines of Austria's engagement in the western Balkans), Lennkh was very clear: the MFA is not thinking in terms of new engagement on a broad front and saw no basis for a substantial Austrian political role in the region. This contention was borne out in conversation with MFA Security Policy Director Gerhard Jandl, who acknowledged that his department has had no role in planning for the Danube/Black Sea initiative. Other contacts have maintained that Spindelegger intends the initiative to become more comprehensive over time, but that budget restraints do not now allow for more than the initial steps described above.

¶4. (C) Lennkh and other interlocutors acknowledge that supporting the efforts of Austrian energy firm OMV to gain a major role in the delivery of Caspian energy resources to Europe was a major motivation behind the Minister's interest.

They also recognize the fragility of investment in the region absent greater political stabilization, both within and between the regions' states. They look, however, to larger states to take the lead in both economic and political stabilization and development. This is a traditional tactic in Austrian foreign policy -- to use the country's small size to limit its costs, while counting on its small size to avoid attracting attention as it profits from exploiting commercial opportunities.

Comment

¶5. (C) Even on a limited scale and with a commercial focus,

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more Austrian attention to the Black Sea littoral supports U.S. interests in the stabilization and development of the region, its integration into western structures, and the diversification of European energy sources. Austria has thus far rejected engaging more deeply in Afghanistan, Pakistan, or Iraq but could perhaps, given its own recognition of its self-interest, be persuaded to do more in the Black Sea region. A more broadly based initiative would be good for the region and add to the positive balance in U.S.-Austrian relations. End Comment.

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